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25X1

SUMMARY

SOVIET UNION

✓1. Ambassador Bohlen reports no evidence of change in Soviet policy toward Germany (page 3).

SOUTHEAST ASIA

✓2. Comment on withdrawal of Viet Minh troops from Laos (page 3).
✓3. France will not oppose appeal to UN on Laos if brought by Thailand (page 4).

25X1

SOUTH ASIA

✓5. India approves of latest Chinese offer on Korea (page 5).

NEAR EAST - AFRICA

6. Acting Iranian minister of court reveals plans for new government (page 6).
7. Ambassador Caffery comments on Anglo-Egyptian impasse (page 7).

25X6

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25X1A

SOVIET UNION

1. Ambassador Bohlen reports no evidence of change in Soviet policy toward Germany:

25X1A

Ambassador Bohlen reports that articles published by East German Communist leaders Grotewohl and Ulbricht in the Moscow press on the anniversary of German surrender do not indicate a change in Soviet policy toward Germany.

He believes that the articles, which are similar to those written during Stalin's lifetime and set forth a socialized East Germany as a model for a unified Germany, may be an attempt by the East German leaders to show that rumors of a policy change are without foundation.

Comment: The articles are similar to other recent pronouncements of Ulbricht and follow the familiar pattern of East German propaganda extolling the socialization of East Germany.

Recent rumors of a Soviet policy change toward Germany appear in some cases to be plants designed for French consumption or to be mere speculation.

SOUTHEAST ASIA

2. Comment on withdrawal of Viet Minh troops from Laos:

Numerous reports from official and other sources describe a large-scale withdrawal of Viet Minh forces from Laos. French troops have completely lost what limited contact they had with the enemy, thus further clouding the confused picture of Viet Minh unit locations and intentions.

The firmest indications that the major offensive in Laos is drawing to a close are the withdrawal of the bulk of two divisions toward Tonkin and the easing of pressure

25X1A

on Luang Prabang. The reported retreat may have been brought about by a combination of factors, including the imminent onset of heavy rains, shortages of supplies, troop fatigue, and French reinforcements.

The Viet Minh probably will not abandon Laos completely. A sizable force of up to one division was last reported in the Xieng Khouang area, and elements may be probing southward to establish a bridgehead on the Mekong River. The consolidation of territorial gains and the pinning down of isolated French garrisons would be logical aims for the rainy season and would be possible with comparatively few troops.

3. France will not oppose appeal to UN on Laos if brought by Thailand:

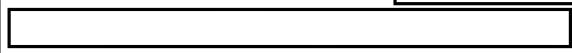
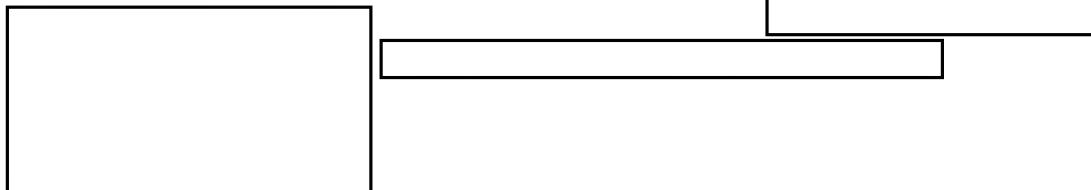
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French Undersecretary for Foreign Affairs Maurice Schumann has informed Ambassador Dillon that France "would certainly not oppose" Thai sponsorship of the Laotian case before the UN. Schumann believes that an appeal by a fully independent Asian country would not directly expose French Union policies to attack as would an appeal by France.

Comment: Schumann's statement probably does not yet represent an agreed government position, since President Auriol and Premier Mayer have sided with Foreign Minister Bidault against a French initiative in the UN. Bidault has also opposed any UN discussion of the issue on the ground that this might provide a sounding board for anti-colonial charges against France.

A UN appeal by Thailand, rather than France, over aggression against a member of the French Union would further lower France's prestige in the three Associated States.

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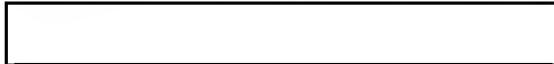
5. India approves of latest Chinese offer on Korea:

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According to the Indian foreign secretary, the Chinese Communist Government has kept India informed of the progress of negotiations at Panmunjom, and the government believes that the latest Chinese proposals are based on a genuine desire to end Korean hostilities. Noting the similarity between the Chinese offer and the 3 December Indian resolution adopted by the UN General Assembly, New Delhi considers that the stage has been reached where settlement is possible.

- 5 -

25X1A



The Indian Government also believes that an armistice in Korea might lead to decreased tension in Southeast Asia.

Comment: India has apparently restored relations with Communist China to the status existing prior to the Communist denunciation of the Indian resolution last November. India's judgment probably is blurred by its strong desire to play the role of peacemaker.

NEAR EAST - AFRICA

6. Acting Iranian minister of court reveals plans for new government:

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Acting Minister of Court Amini told an American Embassy officer on 6 May that Iran's economic crisis must be solved, and that if this is to be done, he and his supporters must control the security forces. His brother, General Mahmud Amini, is already in charge of the gendarmerie and their friend, General Modaber, heads the police. The three are maneuvering to replace Army Chief of Staff Riahi who takes his orders from Mossadeq.

Amini stated that the differences between the shah and Mossadeq must be reconciled in order to isolate the Tudeh. He emphasized that his program could be carried out without violence and suggested that Mossadeq might be encouraged to retire.

25X1

Comment:

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It is unlikely, however, that Mossadeq would support any plan which would undermine his position and which would concentrate control of the security forces in the hands of men not personally loyal to him.

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Amini and his associates appear to be suave and powerful Iranian landlords who may be seeking to take Iran over completely. It would be difficult, however, for them to outwit Mossadeq.

7. Ambassador Caffery comments on Anglo-Egyptian impasse:

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American Ambassador Caffery in Cairo believes that the impasse in which the British now find themselves in Egypt stems from a mistaken long-range Middle East

policy. He states that with the deterioration of the British position in the Middle East, the Foreign Office in London has been tragically incapable of developing a new basis for satisfactory relationship with peoples of the area.

The result in the case of Egypt, Caffery says, has been not only hatred but an almost ineradicable suspicion and distrust of the British. He adds that while he appreciates the tremendous difficulties a change in British policy would entail, there is the possibility of violent upheaval in the area which would affect the entire Middle East.

WESTERN EUROPE

8. Comment on moves to speed EDC passage in German Bundesrat:

The assurance given by Minister President Maier of Baden-Wuerttemberg to Chancellor Adenauer that he would vote for the two EDC contractual laws requiring Bundesrat approval seems to promise an end of the parliamentary impasse on the Bonn and Paris treaties. The upper house will consider the treaties at its 15 May session.

The importance of Maier's attitude is heightened by the decision of Waldemar Kraft, leader of the refugee party, not to alter the government of Lower Saxony, a move he had been considering in order to give the Bonn government a Bundesrat majority.

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State leaders of Maier's Free Democratic Party have agreed that two other laws containing the major portion of the treaties do not require Bundesrat approval. There is still, however, opposition from the Socialists in the Baden-Wuerttemberg Government. Maier will discuss the matter with them and possibly Socialist Chairman Ollenhauer on 11 May.